

CORRECTIONS AND REHABILITATION

5225 Department of Corrections and Rehabilitation

Background. The California Department of Corrections and Rehabilitation (CDCR) is responsible for the incarceration, training, education and care of adult felons and nonfelon narcotic addicts, as well as juvenile offenders. The CDCR also supervises and treats adult and juvenile parolees, and is responsible for the apprehension and reincarceration of those parolees who commit parole violations. The department also sets minimum standards for the operation of local detention facilities and selection and training of law enforcement personnel, as well as provides grants to local governments for crime prevention and reduction programs.

The department operates 33 adult prisons, including 11 reception centers, a central medical facility, a treatment center for narcotic addicts under civil commitment, and a substance abuse facility for incarcerated felons. The CDCR also operates eight juvenile correctional facilities, including three reception centers. In addition, CDCR manages 13 Community Correctional Facilities, 44 adult and juvenile conservation camps, the Richard A. McGee Correctional Training Center, and 202 adult and juvenile parole offices.

In 2005, the CDCR was created pursuant to the Governor's Reorganization Plan 1 of 2005 and Chapter 10, Statutes of 2005 (SB 737, Romero). All departments that previously reported to the Youth and Adult Correctional Agency were consolidated into CDCR. The departments consolidated into the current CDCR are: the Youth and Adult Correctional Agency; the California Department of Corrections; the Youth Authority; the Board of Corrections; the Board of Prison Terms; and the Commission on Correctional Peace Officers' Standards and Training.

Governor's Budget. The Governor's budget proposal includes \$20 billion for CDCR in 2006-07. This is 104 percent more than estimated expenditure levels in the current year due to the Governor's infrastructure proposal to issue lease-revenue bonds to build more prison beds. General Fund support for CDCR is \$10 billion in the budget year, which is nearly 9 percent (\$808 million), more than estimated for expenditure in the current year (these numbers include funding from Proposition 98). These increases are primarily due to a variety of increases to the department's support budget (\$505 million), including funding to comply with the various court orders and lawsuits, and implementation of Proposition 83 (Jessica's Law) and other recommendations of the High Risk Sex Offender Task Force.

The budget also proposes significant General Fund increases for local assistance (\$121 million) and capital outlay (\$182 million) in the budget year. The increase in funding for local assistance is primarily due to a proposed shift of a portion of juvenile offenders to local detention facilities and a new program to enhance probation services for the 18-to 25-year old population. The increased funding for capital outlay is due to the Governor's proposed infrastructure proposal that includes a sizeable increase in General Fund monies for critical upgrades to water and wastewater infrastructure at existing prisons.

Summary of Expenditures				
(dollars in thousands)	2006-07	2007-08	\$ Change	% Change
Type of Expenditure				
Administration	\$268,564	\$287,754	\$19,190	7.1
Sentencing Commission	-	457	-	-
Corrections Standards Authority	273,176	350,622	77,446	28.4
Juvenile Operations	202,727	207,766	5,039	2.5
Juvenile Education and Programs	168,500	178,148	9,648	5.7
Juvenile Parole	50,207	37,164	-13,043	-26.0
Juvenile Healthcare	109,057	99,571	-9,486	-8.7
Adult Operations	5,227,093	5,292,902	65,809	1.3
Adult Parole	755,593	809,195	53,602	7.1
Board of Parole Hearings	102,567	108,508	5,941	5.8
Community Partnerships	11,842	10,622	-1,220	-10.3
Adult Education and Programs	285,814	456,876	171,062	59.9
Adult Healthcare	1,615,012	1,787,033	172,021	10.7
Plata Compliance	99,716	150,000	50,284	50.4
Capital Outlay	441,534	10,054,133	9,612,599	2,177.1
General Obligation Debt	197,449	211,781	14,332	7.3
Total	\$9,808,851	\$20,042,532	\$10,233,681	104.3
Funding Source				
<i>General Fund, Non-Proposition 98</i>	<i>\$9,099,428</i>	<i>\$9,891,411</i>	<i>\$791,983</i>	<i>8.7</i>
<i>General Fund, Proposition 98</i>	<i>52,964</i>	<i>54,250</i>	<i>1,286</i>	<i>2.4</i>
<i>GO Bond Debt Service</i>	<i>197,449</i>	<i>211,781</i>	<i>14,332</i>	<i>7.3</i>
<i>less Federal SCAAP Assistance</i>	<i>-114,135</i>	<i>-114,135</i>	<i>0</i>	<i>0.0</i>
General Fund, Total	9,235,706	10,043,307	807,601	8.7
Special Funds	22,142	22,091	-51	-0.2
GO Bond Expenditures	2,885	0	-2,885	-100.0
<i>Budget Total</i>	<i>9,260,733</i>	<i>10,065,398</i>	<i>804,665</i>	<i>8.7</i>
Federal Trust Fund	147,974	143,186	-4,788	-3.2
CA State Lottery Education Fund	277	277	0	0.0
Inmate Welfare Fund	64,380	67,661	3,281	5.1
Special Deposit Fund	1,083	1,018	-65	-6.0
Public Building Construction Fund	244,095	9,677,764	9,433,669	3,864.8
Reimbursements	90,310	87,228	-3,082	-3.4
Total	\$9,808,852	\$20,042,532	\$10,233,680	104.3

Infrastructure Bond. The Governor has proposed a second phase of his Strategic Growth Plan, which includes \$10.9 billion for new and expanded prison facilities. The majority (\$9.5 billion) of this plan would be funded with lease-revenue bonds. The plan includes the following components:

- **Expansion of Existing Prison Facilities.** \$2.7 billion (\$300 million General Fund and \$2.4 billion lease-revenue bonds) to add over 16,000 new beds at existing prison facilities, expand power, water, and wastewater treatment facilities to accommodate the expanded capacity, and build a new correctional training facility in Southern California.
- **Build New Re-entry Facilities.** \$1.6 billion in lease-revenue bonds or contracting authority to construct up to 7,000 beds in coordination with local governments for inmates nearing their parole date and revoked parolees.
- **Expand Local Jails and Juvenile Facilities.** \$5.5 billion (\$4.4 billion lease-revenue bonds and \$1.1 billion local matching funds) to add 45,000 new jail beds statewide and 5,000 new juvenile beds.
- **Expand Health Care Facilities.** \$1 billion for specialized beds, treatment space, and program space for mental health services, dental services, and general medical services. These funds will be set aside until cost estimates of specific projects become available from the court-appointed Receiver in *Plata v. Schwarzenegger*.
- **San Quentin Condemned Inmate Complex.** \$117 million in lease-revenue bonds to address additional funding needed to complete construction of a new secure facility for the state's condemned population at San Quentin.

Current Year Spending Changes. The budget includes \$485 million in additional General Fund expenditures in the current year above the expenditure level in the 2006-07 Budget Act. The following adjustments are proposed to the current year budget:

- **Comply with Court Orders and Lawsuits.** \$130 million General Fund to comply with various court orders and lawsuits affecting CDCR. This includes \$35.5 million to comply with the *Coleman v. Schwarzenegger* lawsuit that was appropriated by SB 1134 (Budget) at the end of the legislative session in 2006.
- **Implement Sex Offender Management Plan.** \$30.4 million General Fund to implement Proposition 83 (Jessica's Law) passed by the voters in November 2006 and other recently-enacted legislation related to managing sex offenders. The Department of Mental Health is provided an additional \$29 million for its role in implementing Proposition 83.
- **Out-of-State Inmate Transfers.** \$10.3 million General Fund to cover the additional costs incurred to transfer inmates to out-of-state facilities to alleviate overcrowding in CDCR facilities. The total estimated costs to transport and house inmates in private prisons outside of California in the current year is \$30.7 million, which is offset by population savings related to not housing these prisoners in California.
- **Adult Population Adjustment.** \$9.7 million General Fund to fund a slight increase in the adult inmate and parole populations in the current year.

- **Juvenile Population Adjustment.** Negative \$12.4 million General Fund resulting from a delay in the implementation of smaller living units and staffing ratios required by *Farrell v. Tilton* and a slight reduction in the juvenile offender and parole population.
- **Infrastructure Adjustment.** \$13.4 million General Fund to account for various reappropriations and carryovers from capital outlay projects funded in prior years.
- **Other Adjustments.** Negative \$42.5 million General Fund for various adjustments, of which the largest is a \$30 million savings related to a delayed roll out of the Mentally Ill Offender Crime Reduction (MIOCR) grant program to local governments.
- **Employee Compensation.** \$345.7 million General Fund for employee compensation adjustments in the current year. The largest adjustment is due to a recent arbitration decision involving the California Correctional Peace Officers Association.

The Legislature already appropriated a portion (\$35.5 million General Fund) of the \$485 million in SB 1134 (Budget) at the end of the 2006 legislative session. However, the administration still needs the Legislature to appropriate two additional supplemental appropriations bills appropriating \$134.5 million to cover non-population driven deficiencies (\$124.9 million) and population-related deficiencies (\$9.6 million General Fund) in the current year. In addition to these two supplemental appropriations bills, there is a sizeable increase in employee compensation expenses that the administration plans to fund through an augmentation to the 9800 employee compensation budget item.

Adult Population Highlights

Adult Population Estimate. The Governor proposes \$58.8 million General Fund to fund growth in the adult inmate and parolee population for 2007-08. The 2007-08 average daily adult inmate population is estimated to be 177,577 and the average daily adult parolee population is anticipated to be 122,148. These populations are 2.4 percent and 2.5 percent higher, respectively, than the estimates for the current year.

Realignment of Adult Population. The Governor proposes that beginning in 2008-09, specified non-serious, non-violent offenders with terms of three years or less will serve their sentences in county jail closer to their families and communities. The Governor estimates that this will reduce state prison costs by \$250 million in 2008-09 and \$500 million by 2009-10. The Governor does not propose any savings in the budget year from this proposal.

Continue to Fill Out-of-State Beds. The Governor proposes \$13.2 million in the budget year to cover additional costs associated with transferring 2,260 inmates to prison facilities outside of California. The total estimated costs to transport and house inmates in private prisons outside of California in the budget year is \$59.7 million, which is offset by population savings related to not housing these prisoners in California prisons.

Adult Parole Reforms. The Governor's budget includes estimated savings resulting from modifications to the parole structure. The proposed modifications include: (1) automatic discharge from parole for individuals with 12 months of "clean time"; (2) no parole for some non-serious, non-violent offenders as recommended by a sentencing commission; and (3) elimination of 90-day diagnostic evaluations. These changes are estimated to result in savings of

\$56.7 million in the budget year. The administration is proposing trailer bill language to implement the first and third modification to the parole structure. The second modification would depend on recommendations made by a sentencing commission that is also being proposed by the Governor.

Juvenile Justice Highlights

Juvenile Population Estimates. Population estimates of juvenile offenders and parolees are projected to decrease in the budget year. However, there is an overall increase in funding of \$5.8 million General Fund proposed for the budget year so that the department can continue to implement smaller living units and staffing ratios to comply with the *Farrell v. Tilton* lawsuit. The 2007-08 year-end juvenile offender population is estimated to be 2,490 and the year-end juvenile parolee population is estimated to be 2,405. These populations are 5 percent and 13 percent lower, respectively, than the estimates for the current year.

Realignment of Juvenile Population. The Governor proposes reducing the number of juveniles housed in state facilities by transferring all female and some low-level male offenders to local detention facilities. This realignment of the juvenile offender population is estimated to save the state \$32.9 million in the budget year.

Eliminates Juvenile Parole Reentry Grant. The Governor proposes to eliminate the Juvenile Justice Community Reentry Challenge Grant in the budget year resulting in \$10 million General Fund savings. The department plans on continuing to allocate the grant in the current year.

Rehabilitation Program Highlights

Implement Female Offender Initiative. The Governor proposes \$3.8 million General Fund in the budget year to lay the ground work for transferring 4,350 female offenders to Female Rehabilitative Community Correctional Centers and to activate a 35-bed community based facility in Fresno.

Enhanced Adult Probation Services. The Governor proposes \$50 million General Fund for a grant program to expand local adult probation services. These monies will be used to focus on providing services to 18- to 25-year olds and will be modeled after the Juvenile Justice Crime Prevention Act program.

Rehabilitation and Recidivism Reduction Programs. The Governor proposes \$41.1 million General Fund to augment programs that reduce recidivism in the budget year. This is in addition to the \$52.8 million provided in the 2006-07 Budget Act. The Governor proposes to build on the current year efforts and continue funding educational needs assessments, substance abuse program expansions, mandatory conditions of parole, and other programs to reduce recidivism.

Pay-Parity for State Prison Teachers. The Governor proposes \$4.9 million General Fund to provide schedule and pay parity with the Division of Juvenile Justice for all teachers and vocational instructors in adult institutions.

Fund Expanded Residential Aftercare. The Governor proposes \$12.2 million General Fund in additional funding to implement recent legislation (SB 1453, Speier) that requires mandatory residential aftercare programs for some offenders. These funds will be used to maintain the

current level of drug treatment furlough beds. The drug treatment furlough beds had been funded with monies that will now be shifted to fund mandatory residential aftercare.

Healthcare Highlights

Health Care Lawsuit - *Plata v. Schwarzenegger*. The 2006-07 Budget Act allocated \$100 million to fund healthcare activities at CDCR directed by the court-appointed Receiver in the *Plata v. Schwarzenegger* lawsuit. To date, the Receiver has directed expenditure of \$50 million of this amount, which has resulted in \$55 million in ongoing expenditures that have been built into the 2007-08 base budget. The Governor's budget includes an additional \$150 million General Fund to fund new costs driven by the Receiver in 2007-08.

Mental Health Care Lawsuit - *Coleman v. Schwarzenegger*. The Governor proposes \$109.1 million General Fund for the budget year to continue state efforts to comply with the requirements of *Coleman v. Schwarzenegger*. This includes funding to increase salaries for mental health professionals and retrofit intake cells within administrative segregation units.

Dental Care Lawsuit - *Perez v. Schwarzenegger*. The Governor proposes \$78.7 million General Fund for the budget year to continue the state efforts to comply with the requirements of *Perez v. Schwarzenegger*. This includes funding a lower dentist-to-inmate ratio and for potential salary increases for dental service providers.

Other Highlights

Creates a Sentencing Commission. The Governor proposes to create a sentencing commission that will review and make recommendations on sentencing guidelines. The budget includes \$457,000 General Fund to support the commission in the budget year. The administration plans to sponsor urgency legislation that it hopes will pass the Legislature in the early months of 2007. Once established, the sentencing commission would be directed by the Governor to review and recommend changes to the parole system.

Federal Funds Cover Small Portion of Costs to Incarcerate Undocumented Felons. The budget assumes \$114.1 million in federal State Criminal Alien Assistance Program (SCAAP) funding for the budget year. The Governor's budget estimates that total costs associated with incarcerating undocumented felons in state prison will be \$897.3 million in the budget year. Therefore, federal funding will cover less than 13 percent of the total costs of incarcerating undocumented felons.

Implement Sex Offender Management Plan. The Governor proposes \$122.8 million General Fund for 2007-08 to implement Jessica's Law (Proposition 83) that was passed by the voters in November 2006, other recently-enacted legislation, and recommendations of the High Risk Sex Offender Task Force. The Department of Mental Health is provided an additional \$54 million for its role in implementing Proposition 83.

Implement Critical Information Technology Projects. The Governor proposes \$36.1 million General Fund in the budget year to fund two information technology projects, the Consolidated Information Technology Infrastructure Project and the Strategic Offender Management System. The Consolidated Information Technology Infrastructure Project will consolidate the department's current information technology infrastructure and provide the basic network

infrastructure for planned and future projects to centrally track and update inmate information. The Strategic Offender Management System will track inmate information in a centralized system.

Increase Base Funding for Facility Maintenance and Major Equipment Replacement. The Governor proposes \$69 million General Fund to augment the department's baseline budget for maintenance, special repairs, and major equipment purchases.

General Issues

Long-Term Population Management Needed. California's prison population is at an all-time high and California's prisons are filled to over capacity. The state has also been named in numerous class action lawsuits that are changing the way state prison functions. In three of these suits, motions have been filed to cap the prison population. One judge has given the state until June to improve prison conditions and relieve prison overcrowding. These issues and more have resulted in the department's current crisis management approach to managing the prison population. This is not a cost-effective or sustainable long-term approach to population management. Furthermore, it has made it difficult to establish programs and practices that improve inmates' access to programming and improve safety in the institutions. A few years ago the department started to evaluate and make long-term plans for the mission of each of its 33 institutions. However, these planning efforts have been on hold, in part, because of the healthcare Receiver and because these long-term planners are needed to assist in day-to-day crisis management.

The department needs to re-engage in real long-term population management. Just building more beds will not result in population management, the department needs to become more efficient and active at managing its population to improve safety in the prisons and reduce recidivism. The Legislature should evaluate a multi-strategy approach to help refocus CDCR on long-term population management.

Vacancies Plague the Department. The CDCR has long standing problems in recruiting and retaining staff across all classifications. The recent pay raises ordered by the Receiver (*Plata*) and Special Master (*Coleman*) for healthcare staff were to help fill the huge number of vacancies in healthcare staffing. However, the problem does not end there. Every year the state spends hundreds of millions of dollars on overtime pay because the prisons do not have an adequate number of correctional officers to cover prison operations. Correctional officer vacancies result in some officers working two consecutive shifts and many days in a row without a day off. This is not an ideal environment for the retention of staff and for the safety of the officers. In addition, vacancies also plague other areas of the department. In a recent vacancy report from the State Controller, over 1,200 positions were eliminated because they were vacant for more than six months. Nearly 400 of these positions were adult basic education and vocational teachers. Without adequate numbers of teachers it is difficult for the department to provide basic rehabilitative programming. The Legislature may wish to continue to work on creative solutions for addressing the vacancy problems that plague the department. The Legislature may also wish to consider this problem when adding additional capacity at some prisons where recruitment is especially difficult because of the location of the prison facility.

Performance Metrics Need Refinement. As part of the 2006-07 Budget Act, the Legislature requested that numerous performance metrics be included in the Governor's budget and in a separate supplemental report to the Legislature. These metrics were to help improve the transparency and oversight of the department's operations and budget. The department has provided the first round of data with the budget. However, some of the data is incomplete and difficult to interpret. The Legislature may wish to review this data and make changes to improve its usefulness in providing transparency and oversight of CDCR's operations and budget.

Infrastructure Issues

Prison Overcrowding and "Bad" Beds Impact Prison Operations. The California prison system currently has over 16,000 "bad" beds, which are bunks on dayroom floors and gyms. These bad beds impact prison operations on many levels. They make it more difficult for prison officials to maintain safe conditions for prison staff and inmates. They also reduce the space available for inmate programs. Furthermore, the overcrowding of the prison facilities has overburdened the basic infrastructure of many of the institutions resulting in sewage spills and shortages of safe drinking water.

The Governor declared a State of Emergency on October 4, 2006 citing that California's prisons are beyond capacity and that action needed to be taken immediately to remedy the situation. Soon after the declaration, the department entered into contracts with several private prisons outside of the state to house volunteer inmates. To date, the state has transferred 240 inmates out of state (160 prisoners to the Florence Correctional Facility in Arizona and 80 inmates to the West Tennessee Detention Facility). The department plans on transferring a total of 2,260 inmates to correctional facilities out of state in the current year. These efforts will help relieve some overcrowding at some facilities, but will not be enough to eliminate all of the bad beds in California institutions. The Legislature may wish to consider additional strategies to reduce the number of bad beds in California prisons.

Infrastructure Bond Issues. The Governor has proposed \$10.9 billion in bonds as part of his Strategic Growth Plan to build new and expanded prison facilities in California. There are five main components of the plan and each of these proposals raises several issues that the Legislature may wish to consider. When considering this bond, the Legislature may also wish to evaluate other strategies that may reduce the state prison population thereby reducing the needs for additional capacity at the state level. Nevertheless, there is an immediate need for additional space to relieve overcrowded conditions that impact safety and programs within California's state prisons.

Expansion of Existing Prison Facilities. The Governor has proposed \$2.7 billion for new beds at existing prisons. The Legislature may wish to evaluate the types of beds being proposed for construction and whether they address the department's needs based on the changing prison population. The Legislature may also wish to evaluate where the administration is proposing to add additional beds to determine whether it is feasible to hire the additional staff needed. The Legislature will also want to evaluate the Governor's proposal to determine if adequate space is being planned so that inmates will have access to programs within the institution. Finally, it will be critical to evaluate the existing infrastructure at the prison to determine whether it can accommodate additional beds.

Build New Re-entry Facilities. The Governor has proposed \$1.6 billion to construct up to 7,000 re-entry beds. These are a new type of facility being proposed by the administration. The Legislature may wish to consider developing general guidelines for partnering with local governments to get these facilities sited and constructed. These facilities, if designed correctly, could help to reduce recidivism by providing a critical link to the community where the offender will parole. Furthermore, these facilities could reduce the overall costs of incarcerating parole violators that are returned to prison for short stays by keeping them in the community and not transporting them hundreds of miles away to a state prison.

Expand Local Jails and Juvenile Facilities. The Governor has proposed \$5.5 billion for new jail beds and juvenile facilities. The Governor has proposed \$4.4 billion in state monies to fund local jail and juvenile facility expansions. In doing this, the Legislature may wish to determine what reasonable contributions should be made by local governments. The Governor has proposed a realignment of the prison population to shift all inmates with sentences of three or less years to serve their time at local jails as opposed to state prison. The Legislature may want to consider this as part of an overall package that includes bonds for local facilities. In addition, the Governor's proposal assumes that the state will leverage some local funds for the construction of these facilities. The Legislature may wish to explore, in more detail, how this financing relationship will be shared between the state and the locals.

Expand Health Care Facilities. The Governor's proposal sets aside \$1 billion for health care facilities to be developed by the healthcare Receiver. At this point in time, the Receiver has not determined the amount that is needed to modify the state's facilities to provide a constitutional level of health care. The Receiver has tentatively determined that he needs 10,000 non-acute specialized beds for health and mental health inmates. The Receiver is currently conducting a census of what those needs are, but could include beds appropriate for geriatric inmates, terminally ill inmates, and inmates with mobility issues.

The Receiver has indicated that he also needs to make modifications to the existing facilities in order to expand treatment space for health care services. The Legislature may wish to evaluate the Receiver's report that is due to the court in May to understand better what the infrastructure costs are related to healthcare modifications. Furthermore, the Legislature will want to determine, to the extent possible, how the administration's capacity expansion proposal coordinates with the Receiver's plans for modifications to specific facilities.

San Quentin Condemned Inmate Complex. The Governor has proposed \$117 million to complete construction of a new condemned inmate complex at San Quentin. The Legislature may wish to evaluate the amount being proposed to determine whether it is adequate to finish the modernization of the new condemned inmate complex at San Quentin. The Legislature may also want to evaluate why this project has greatly exceeded original cost estimates.

Adult Population Issues

Inmate Population Realignment Needs Review. The Governor has proposed realigning the inmate population so that specified non-serious, non-violent offenders with terms of three years or less serve their sentences in county jail as opposed to state prison. Keeping some offenders in the communities where they were committed could help to keep family connections intact and

reduce recidivism. The Legislature may wish to evaluate the impacts of this policy change on state prison capacity, local jail capacity, and recidivism rates.

Oversight Needed on Out of State Transfers. The Governor has already started transferring some inmates to private prison facilities out of state. Even though these inmates will be serving their sentence in a facility outside of the state, they will still be returned to California to parole. The Legislature may wish to evaluate the department's plans for oversight and management of this new program. It will be difficult for the state to provide the same level of oversight that it does at private prisons and community correctional facilities in state. As the state takes steps to relieve overcrowding in its institutions, the Legislature will want to evaluate the cost effectiveness of this program to determine whether it should be continued indefinitely.

Adult Parole Reforms. The Governor is proposing modifications to the parole structure to reduce costs and refocus parole resources on the most serious offenders. Currently, state parole resources are stretched thin because all persons leaving state prison are placed on parole regardless of their crime or risk of recidivism. This means that parole agents are not always able to spend adequate time working with and supervising high risk parolees. This will be further exacerbated by the passage of Proposition 83 (Jessica's Law) that will demand more parole resources for all sex offenders. The Legislature may wish to evaluate whether the Governor's proposed changes improve public safety by focusing parole agent time on the highest risk population. The Legislature may also want to evaluate the validity of the level of budget savings being estimated from the proposed parole reforms.

Juvenile Justice Issues

Realignment of Juvenile Population. The Governor has proposed transferring all female inmates and some non-violent male offenders to local detention facilities thereby further reducing the population in state Division of Juvenile Justice (DJJ) facilities. Keeping juveniles in the county of commitment improves the ability for families to stay connected which can help to reduce recidivism. The Legislature may wish to evaluate the impact of this realignment on recidivism reduction.

It is also not clear whether locals have enough capacity to accommodate this shift in the budget year. The Governor's budget counts on savings in the budget year that may be unrealistic and the Legislature will want to review this to ensure that the division does not suffer from an unrealized budget cut. Furthermore, the shift in population to the locals will change the makeup of the population at DJJ and could alter the *Farrell* lawsuit reform plans. The Legislature may wish to evaluate what changes, if any, will need to be taken to modify the *Farrell* reform plans to accommodate the change in population. Furthermore, shifting the population back to the locals will result in a lot of excess capacity in DJJ facilities. The Legislature may also wish to evaluate how this space could be used if this transfer does occur.

***Farrell v. Tilton* Reform Implementation.** The Legislature will want to review the implementation status of the various *Farrell* reform plans. The Governor's budget assumes significant savings in the current year because of a delayed implementation of smaller living unit sizes. The Legislature will want to review the implementation schedule and evaluate what, if any, hurdles are present to prevent implementation. As mentioned above, the Legislature will

also want to investigate the impacts of population realignment on the implementation of the *Farrell* reforms.

Rehabilitation Program Issues

Rebuilding Rehabilitation Strategies. In the current year, \$52.8 million General Fund was added to CDCR's budget for various strategies to reduce recidivism. The Legislature may wish to evaluate the progress the department has made in implementing these strategies and the extent to which these strategies have met recidivism reduction goals. The department's overall approach to rehabilitation has suffered for many years and the department is currently in a state of rebuilding. The Legislature approved \$900,000 to fund an expert panel to review the current state of programming within CDCR and make recommendations for improving the programming delivered to inmates and parolees. The Legislature will want to review this report and determine how to better allocate rehabilitation monies provided to the department to deliver programs that maximize reductions in recidivism. The Governor's budget is proposing \$41 million in additional expenditures to build on and expand funding provided in the current year. The Legislature will want to evaluate how this money is being allocated to determine whether it is allocated consistent with legislative priorities.

Female Offender Initiative. The Governor has proposed some nominal monies to continue laying the groundwork for a program that transfers over 4,000 female inmates to smaller community correctional facilities closer to the communities where the inmates were committed. This strategy is an attempt to reduce recidivism by strengthening relationships with family and children and improving access to programming that will help reduce recidivism. The Legislature may wish to evaluate the status of implementing this strategy and what additional groundwork is needed before the program can be fully implemented.

New Probation Grant. The Governor is proposing a new grant to enhance probation services provided by local law enforcement. The Legislature may wish to consider how this grant is structured in order to ensure its effectiveness and overall accountability. The Legislature may wish to develop performance metrics to ensure that the money is being used effectively to reduce recidivism of probationers thereby reducing the population that is sent to prison. The administration plans on modeling this grant program after the Juvenile Justice Crime Prevention Act program. The Legislature should evaluate this program to determine if any modifications should be made that would improve the program and improve its effectiveness.

Healthcare Issues

Status of Court-Appointed Healthcare Receiver. The healthcare services at CDCR have been under a federal court-appointed Receiver since 2006 as a result of the class-action lawsuit *Plata v. Schwarzenegger*. Major actions taken by the Receiver to date include approving raises for medical staff and eliminating the Medical Technical Assistant (MTA) classification that was a custody/healthcare hybrid position and replacing it with a new Licensed Vocational Nurse (LVN) classification. To date, the state has spent \$194 million General Fund most of which is ongoing funding to address the *Plata* lawsuit. The budget proposes to add an additional \$50 million in the current and budget year to continue to fund compliance activities.

The Receiver is currently working on a Plan of Action that is due to the court in mid-May. This plan will detail additional changes the Receiver plans on making to healthcare operations in the prisons. The Legislature may wish to review this plan in order to get a better understanding of what additional costs the state will need to plan for to bring healthcare services up to a constitutional level of care in the state prisons.

Increased Costs Related to Other Healthcare Lawsuits. Over the last few years the state has appropriated millions of dollars to comply with two other class action lawsuits to improve mental health care (*Coleman v. Schwarzenegger*) and dental care (*Perez v. Tilton*) within state prisons. To date the state has appropriated \$126.8 million to implement changes to improve mental health care in state prisons under the *Coleman* lawsuit and \$41.3 million to comply with the *Perez* lawsuit. The Governor's budget contains additional funding in the current and budget years above these levels to implement further changes to meet court orders in both lawsuits. The Legislature may wish to evaluate the department's implementation efforts to determine whether progress has been made in complying with these court orders. The Legislature may also wish to gather information to determine what other steps are needed to satisfy the courts so that the Legislature can plan for future expenditures.

Other Issues

Sentencing Commission. The Governor has proposed establishing a sentencing commission to review and make recommendations on sentencing guidelines. If designed correctly, sentencing commissions can improve the cost effectiveness of the state's incarceration policies. Sentencing commissions generally evaluate data to determine what types of offenders should be incarcerated. This is in contrast to the current legislative and initiative process that is not based solely on data and research in determining sentencing guidelines. The Legislature may wish to evaluate the Governor's proposal to determine whether it will be effective in improving public safety and making the state's incarceration policies more cost effective.

Sex Offender Management Plan. The Governor proposes to implement Proposition 83 (Jessica's Law) which was passed by the voters in November 2006 as well as several new policies that were recommended by the High Risk Sex Offender Task Force. The Legislature will want to evaluate the new policies recommended by the High Risk Sex Offender Task Force to determine their cost effectiveness in improving public safety. The Legislature may also wish to review whether any of the task force recommendations require additional legislation to provide clearer direction to the department on how the specific recommendations should be implemented.

0552 Office of the Inspector General

Background. The Office of the Inspector General (OIG) oversees the state's correctional system through audits, special reviews, and investigations of the Department of Corrections and Rehabilitation (CDCR). The Office is also charged with evaluating the qualifications of candidates being considered by the Governor for appointment to warden of a correctional facility or superintendent of a juvenile facility. The Office also monitors internal affairs investigations conducted by CDCR to ensure they are performed in a timely and professional manner.

Governor's Budget. The Governor proposes \$18.6 million General Fund to support the OIG. This is nearly 18 percent more than is estimated for expenditure in the current year. This increase is primarily due to a budget proposal to expand the types of investigations the OIG completes to include a facility inspection program and follow-up to critical incidents.

Summary of Expenditures (dollars in thousands)				
	2006-07	2007-08	\$ Change	% Change
Type of Expenditure				
State Operations	\$15,814	\$18,638	\$2,824	17.9
Total	\$15,814	\$18,638	\$2,824	17.9
Funding Source				
General Fund	\$15,814	\$18,638	\$2,824	17.9
<i>Budget Total</i>	<i>15,814</i>	<i>18,638</i>	<i>2,824</i>	<i>17.9</i>
Total	\$15,814	\$18,638	\$2,824	17.9

Highlights

New Audit Functions. The Governor proposes \$1.8 million General Fund to expand the audit functions of the OIG. These funds are proposed to be used to expand the types of investigations conducted by the OIG to include a facility inspection program and follow-up to critical incidents.

New Review of Candidates for Superintendent of Juvenile Correctional Facilities. The Governor proposes a little less than \$1 million General Fund to implement legislation (AB 971, Jerome Horton) enacted last year to require the OIG to review candidates for appointment as superintendent of a juvenile correctional facility.

Issues

Audit Functions Redirected from CDCR. The Governor's budget proposal to augment the OIG's audit functions is being funded by transferring \$1.8 million General Fund from CDCR's Office of Audits and Compliance. This will result in a reduction to CDCR's internal audit capability. The Legislature may wish to evaluate whether CDCR's internal audit workload has decreased and whether the transfer of funding from CDCR to OIG is justified.